

## Message Text

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12  
ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

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FM USMISSION EC BRUSSELS  
TO SECSTATE WASHDC 2493  
INFO ALL EC CAPITALS 2817  
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AMEMBASSY CANBERRA  
AMEMBASSY OTTAWA  
AMEMBASSY STOCKHOLM  
AMEMBASSY TOKYO  
USMISSION OECD PARIS

C O N F I D E N T I A L EC BRUSSELS 11884

E.O. 11652: GDS  
TAGS: EGEN, EEC, PFOR  
SUBJECT: EC OFFICIALS COMMENT ON CIEC PROSPECTS

REF: (A) THE HAGUE 6631, (B) USUN 5486 (NOTAL) (C) EC BRUSSELS 11838  
(NOTAL), (D) BONN 20365 (NOTAL), (E) BRUSSELS 11776

1. SUMMARY: EC OFFICIALS TELL US THAT ALTHOUGH THE EC HEADS OF GOVERNMENT WERE NOT PREPARED TO TAKE A PUBLIC STAND, THE EUROPEAN COUNCIL NEVERTHELESS REACHED A CONSENSUS ON POSTPONING THE CIEC MINISTERIAL MEETING; THEY COULD NOT HOWEVER, AGREE TO ANY NEW INITIATIVES. THE POSITION OF THE NEW US ADMINISTRATION WILL LIKELY DETERMINE HOW THE COUNCIL MIGHT BREAK ITS CURRENT IMPRKOFFICIALS HERE ARE UNCERTAIN HOW THE EC MIGHT PRO ED SHOULD THE DECEMBER CIEC MINISTERIAL BE POSTPONED. SOME BELIEVE SEVERAL MEMBER STATES MAY FAVOR AN INDEFINITE POSTPONEMENT WITH THE HOPE THAT CIEC WILL FADE AWAY, BUT OTHER MAINTAIN THAT THE NINE ARE COMMITTED TO CONTINUING WITH CIEC. THE COUNCIL PRESIDENCY  
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WILL UNDERTAKE TO CONSULT AS APPROPRIATE WITH

THE NEW U.S. ADMINISTRATION. THE FEBRUARY EURO COUNCIL WILL LIKELY ATTEMPT TO COORDINATE EC VIEWS BEFORE ANY PROPOSED ECONOMIC SUMMIT MEETING. END SUMMARY.

2. EC COMMISSION, COUNCIL SECRETARIAT AND PERMDEL OFFICIALS WHO WERE IN THE HAGUE FOR THE NOV. 29-30 EUROPEAN COUNCIL DISCUSSION OF CIEC HAVE GIVEN US THEIR ASSESSMENT OF THE EC POSITION TOWARD CIEC. THEY ALSO HAVE DESCRIBED HOW THE COMMUNITY IS TO PREPARE FOR A LIKELY CIEC MINISTERIAL MEETING SOMETIME NEXT YEAR. THEY REPORT THE EUROPEAN COUNCIL GENERALLY AGREED THAT THE DECEMBER MINISTERIAL MEETING SHOULD BE DELAYED FOR THE FOLLOWING REASONS: 1) THE PREPARATORY WORK WAS NOT READY FOR SUCH A MEETING; 2) THE MEETING SHOULD TAKE PLACE AFTER THE OPEC DECISION REGARDING A POSSIBLE OIL PRICE INCREASE; 3) THE HEADS OF GOVERNMENTS, ESPECIALLY CHANCELLOR SCHMIDT, WANTED TO HAVE AN IDEA OF WHAT THE CARTER ADMINISTRATION PLANNED TO DO; AND 4) THEY ALSO WANTED TO HAVE A CLEARER PICTURE OF MEMBER STATE ECONOMIC PROSPECTS. ALTHOUGH IT FAVORED A POSTPONEMENT, THE COUNCIL DID NOT WANT TO TAKE THE LEAD BY PUBLICLY PROPOSING IT.

3. EC OFFICIALS SAY THE COUNCIL DID NOT AGREE TO ANY NEW CIEC INITIATIVES. DUTCH PRIME MINISTER DEN UYL PRESSED TO OBTAIN AGREEMENT ON A CIEC PACKAGE INCLUDING IMMEDIATE ODA ASSISTANCE TO THE POOREST LDCS, AGREEMENT ON A LIMITED COMMON FUND, AND SOME SUPPORT FOR THE UNCTAD INTEGRATED COMMODITY PROGRAM. THE DUTCH, WITH SUPPORT FROM THE FRENCH, ALSO PROPOSED A WORLDWIDE SYSTEM TO STABILIZE LDC EARNINGS FROM COMMODITY EXPORTS. THERE WAS LITTLE SUPPORT FOR THIS PROPOSAL. IN A WORKING GROUP MEETING THE FRG REPRESENTATIVE HAD REPORTEDLY AGREED TO A COMMON FUND ALONG THE LINES OF THE COMMISSION PROPOSAL (SEE EC BRUSSELS 11377, NOTAL), BUT FOR TACTICAL REASONS CHANCELLOR SCHMIDT ON THE FINAL DAY OPPOSED ANY NEW INITIATIVES AT THIS TIME.

4. EC OFFICIALS REPORT THAT THE COUNCIL DEBATED HOW IT MIGHT CONSULT WITH THE NEW US ADMINISTRATION. SEVERAL CONFIDENTIAL

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PARTICIPANTS FAVORED DESIGNATING ONE REPRESENTATIVE FOR SUCH CONSULTATIONS BUT OTHERS REJECTED THIS PROPOSAL. AS SUGGESTED IN REF C, IT WAS FINALLY AGREED TO USE NORMAL COUNCIL PROCEDURES, I.E., THE COUNCIL PRESIDENCY WOULD BE RESPONSIBLE FOR SUCH CONSULTATIONS. FRENCH PRESIDENT GISCARD D'ESTAING SUGGESTED THAT THE FEBRUARY 21-22 EUROPEAN COUNCIL SHOULD AGAIN TAKE UP THIS ISSUE. ACCORDING TO ONE COUNCIL OFFICIAL, GISCARD NOTED THAT

THIS MEETING SHOULD COORDINATE AN EC POSITION FOR A POSSIBLE ECONOMIC SUMMIT MEETING THAT MIGHT TAKE PLACE DURING THE FIRST HALF OF 1977.

5. EC OFFICIALS SAY THE US POSITION TOWARD CIEC WILL BE A PRIMARY DETERMINANT IN THE EC'S ABILITY TO REACH A CONSENSUS ON A PACKAGE OF CIEC CONCESSIONS. THEY BELIEVE THE FRG IS NOT LIKELY TO GO MUCH FURTHER THAN THE US IN OFFERING CONCESSIONS. IN FACT, THEY NOTE THAT THE COUNCIL'S "COMMITMENT TO MAKE AS POSITIVE A CONTRIBUTION AS POSSIBLE" IS A HOLLOW EXPRESSION. SEVERAL OFFICIALS BELIEVE THAT NEITHER THE FRG NOR FRANCE WANTS TO HOLD A MINISTERIAL MEETING. THEY BELIEVE THAT THESE COUNTRIES, AND PERHAPS OTHERS, MAY WANT TO POSTPONE THE MINISTERIAL INDEFINITELY IN THE HOPE THAT IT WILL EVENTUALLY FADE AWAY. FRG PERMDEL OFFICIALS DISPUTE THIS, HOWEVER, SAYING THAT THE NINE REMAIN COMMITTED TO CIEC'S SUCCESSFUL COMPLETION.

6. COMMISSION AND COUNCIL OFFICIALS CANNOT BE PRECISE HOW THE EC MIGHT PROCEED IN PREPARING FOR A MINISTERIAL MEETING SHOULD ONE BE HELD. ASSUMING THAT THE G-27 AGREES TO A POSTPONEMENT, THEY SAY THAT THE DECEMBER 13-14 FOREIGN MINISTERS' COUNCIL WILL DISCUSS HOW TO PROCEED. THESE OFFICIALS PERSONALLY FAVOR HOLDING THE CIEC MINISTERIAL MEETING NOT LATER THAN JULY NEXT YEAR. AT THE APPROPRIATE TIME THE CIEC COMMISSION SHOULD MEET TO PREPARE FOR THIS MEETING. THESE OFFICIALS ADD THAT IF THE COMMISSION ARE TO MAKE ANY PROGRESS, THE G-8 WILL HAVE TO INDICATE SOME FLEXIBILITY ON MAJOR ISSUES. THEY FAVOR ORGANIZING SMALL, INFORMAL GROUPS TO PREPARE FOR THE MINISTERIAL IN ORDER TO AVOID THE FORMALITY AND RIGIDITIES OF THE COMMISSION SESSIONS. HINTON

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